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CENTRAL INTELLIGENCE AGENCY**

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State Department review completed

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2. SUPREME SOVIET MAY MEET IN DECEMBER

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The USSR Supreme Soviet will convene in December, according to an unconfirmed report from the Austrian ambassador in Moscow. Although the Supreme Soviet has already met twice in 1957 as required by the constitution, another meeting might be called at the end of the year to give formal approval to the 1958 state budget and probably to adopt the economic plan for 1958.

Opposition to Khrushchev's economic program apparently is continuing and might be intensified as the 1958 plan is drafted this fall. This might also lead to further disagreements next spring in drafting the seven-year plan scheduled for presentation by mid-1958. There could be political repercussions, possibly affecting Khrushchev's position or the status of other top leaders.

This session may also approve new governmental personnel assignments. Reports of an imminent demotion for Premier Bulganin continue to appear, some alleging that he will replace Voroshilov as chairman of the Presidium of the Supreme Soviet. Important personnel changes would probably necessitate a meeting of the party central committee for prior approval.

The Soviet leaders may also consider the time ripe for another report on the international situation and Soviet foreign policy in view of the purge in June of former foreign ministers Molotov and Shepilov and the earth-Satellite and ICBM developments. The last report on foreign policy was made to the Supreme Soviet in February by Shepilov.

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3. YUGOSLAVIA REPORTEDLY TO RECOGNIZE
EAST GERMANY NEXT WEEK

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Yugoslavia will extend de jure
recognition to the East German
government on 15 October, [redacted]

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Since Belgrade appears to believe
that West German retaliation will not extend to the
breaking of diplomatic relations, such action by the
Yugoslavs becomes increasingly likely. The Yugoslav
[redacted] government believes that the action will actually be helpful
to German reunification.

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Bonn apparently is as yet undecided regarding steps to take following such a Yugoslav act. State Secretary Hallstein has indicated to American officials, however, that he would favor withdrawing diplomatic representatives, but leaving an economic mission in Belgrade. Bonn hopes such a policy would tend to discourage further recognition of East Germany by non-NATO countries. A complete break with Belgrade would complicate Bonn's improving relations with Poland, which recognizes the East German regime.

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4. TITO REPORTEDLY WARNED GOMULKA TO CURTAIL LIBERALIZATION

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Gomulka's "tightening-up process" was influenced by his talks with Tito, according to the Israeli minister to Poland, [redacted]

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Tito was said to have cautioned Gomulka to pay more attention to the defense of socialism if he hoped to preserve the "Polish road" and avert Soviet intervention. He reportedly declared that neither Poland nor Yugoslavia could hope to exercise any influence on other Eastern European countries if developments in either country got out of control to the point of threatening the existence of socialism. According to Ambassador Beam, the Yugoslav military attaché in Warsaw has said that Tito has expressed to Gomulka his concern over loosened police controls in Poland.

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Comment

The Yugoslavs have in the past expressed concern over the extent of liberalization in Poland. Tito is particularly concerned over any developments in Eastern Europe which could threaten Khrushchev's position and his professed policy of permitting the satellites' increased independence in their internal affairs. Tito's views would probably be persuasive to Gomulka because of the Yugoslav leader's success in controlling pressures for liberalization in his country and maintaining his independence of Moscow.

Gomulka's antipathy toward liberal writers is well known, and his banning of the liberal journal Po Prostu appears to be a step toward curtailing excessive criticism rather than an abandonment of his program and objectives. [redacted]

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5. UNREST CONTINUING AMONG PEASANTRY IN
NORTH VIETNAM

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The North Vietnamese peasantry, largely alienated from the regime by the excesses of an ill-considered and hasty land reform program in 1955-56, has not been mollified by Hanoi's "mistake-correction" program. [redacted]

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[redacted] Premier Pham Van Dong has admitted that the "re-education" of some rural officials may stretch into 1958.

Large-scale riots broke out in north central Vietnam last fall when peasant demands for the redress of grievances were not immediately met by local officials. Similar incidents on a smaller scale have since been reported in other areas. In addition, government officials have repeatedly complained that agricultural taxes--paid in kind--are difficult to collect. Speculative profits from private sales of hoarded farm products have exacerbated inflationary pressures and contributed to the regime's inability to meet the goals for the first half of the 1957 state plan.

Hanoi is also failing to pacify the minority ethnic nationalities in the rural areas of upper Tonkin. Last July a meeting of 1,000 persons in the Thai-Meo autonomous region protesting forced-labor levies had to be broken up by police action. According to reports received in the past month, discontent in this region is widespread. [redacted]

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7. THE SITUATION IN JORDAN

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Jordan's lower house of parliament has voted to reconvene on 15 October to hear the statement of policy presented by the pro-Western government of Prime Minister Ibrahim

Hashim. Despite strong popular feeling against the government, the opposition probably will not be able to muster the two-thirds vote required to pass a motion of no confidence following the policy statement. King Hussayn's speech from the throne last week was accepted by a vote of 26 to 6, although not without bitter exchanges and near violence during the debate. Eight of the 40 deputies are either under arrest or in exile as a result of the unsuccessful conspiracy by Jordanian nationalists against the King in April.

Meanwhile, the Egyptian- and Syrian-directed war of nerves against King Hussayn's regime and the Hashim government continues. At least three more explosions, directed against Jordanian government installations and pro-Hussayn politicians, occurred on 8 and 9 October. On 10 October, the Jordanian cabinet approved new measures to investigate the political activities of government employees, and Jordanian security forces claimed to have seized the third cache of smuggled Czech arms and explosives uncovered during the last month.

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8. SUDANESE PRIME MINISTER COMMENTS ON
COTTON CRISIS

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The Sudan's Prime Minister Khalil

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will not accept cotton barter
agreements with the USSR if the present cotton crisis
is resolved by sales to the West or by a British loan
with cotton as security.

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Khalil, who returned a few days ago from discussions
with officials and potential buyers in France and Brit-
ain, is "pessimistic" about the quantity of cotton which
the world market can absorb.

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Comment

In August the Soviet Union offered
to take Sudanese cotton in exchange
for Soviet commodities and large-scale economic
assistance, but Khalil has opposed acceptance of this
offer. Press reports from Khartoum on 9 October
state that the Sudanese cabinet has asked the USSR for
more information about its proposals. The Sudanese
minister of interior is now en route to Moscow.

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9. RESIGNATION OF PAKISTANI PRIME
MINISTER SUHRAWARDY

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The resignation of Pakistani Prime Minister Suhrawardy on 11 October plunges Pakistan into a new period of instability. Suhrawardy's 13 months in office had provided the country with the most effective leadership since Liaquat Ali Khan.

The crisis was precipitated by President Mirza's Republican party, major partner in the central government coalition with Suhrawardy's Awami League, which withdrew its support from the prime minister because of his attacks on the Republicans. Mirza, under heavy pressure from his party, called for Suhrawardy's resignation.

Mirza faces a difficult task in forming a new coalition, since no party can command even a near majority. His recognition of this fact is suggested by his early request that Suhrawardy continue as prime minister for the time being. Nevertheless, Mirza is reported to have asked Ismail Chundrigar, Moslem League leader of the opposition, and Hamidul Huq Choudhury, leader of a moderate East Pakistani political faction, to consult on forming a government with the Republican party.

Any cabinet emerging from this bargaining would function in effect as a front for Mirza's authoritarian rule. It is unlikely that such a front would be effective for long, and instability might increase rapidly in both East and West Pakistan. In this event, Mirza might have to resort to emergency powers and invoke direct executive rule. Before taking this step, however, he might as a last resort try to form an all-party coalition government and recall Suhrawardy as its leader.

No major changes in Pakistan's pro-Western foreign policy are anticipated, although increased political and economic instability will reduce its ability to continue its support of American policies.

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10. FRENCH ARMY POLITICAL ROLE SEEN
POSSIBLE IN CRISIS

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As the political crisis in Paris lengthens, the French army may abandon its traditional nonpolitical role in the interest of securing the strong national leadership which it deems necessary to extricate it from the Algerian morass and enable its reconstitution as a modern fighting force. There have been indications for several months that the army high command feels the purely military pacification policy to which successive governments have committed it is impossible to achieve and that it had pressed both the Mollet and later the Bourges-Maunoury government for more constructive policies in regard to Algeria. News of the defeat of Bourges-Maunoury's basic statute was reportedly received with considerable bitterness among military elements in Algeria. A spokesman for Minister for Algeria Lacoste has credited the army with having blocked Pleven's bid for the premiership.

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11. NEW TENSIONS IN ARGENTINA

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Peronista-inspired strikes and labor unrest are continuing in the city and province of Buenos Aires despite the state of siege decreed on 5 October, and this has prompted demands by conservative military elements for harsher repressive measures, [redacted]

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[redacted] The return to Argentina on 7 October of one of Peron's most capable and dangerous agents, former air force intelligence chief Luis Lapuente, and the escape from a Chilean penitentiary of Patricio Kelly, former head of Peron's civilian shock troops, may be adding to military uneasiness. The government reportedly expects a wave of demonstrations on 17 October, the twelfth anniversary of Peron's rise to power.

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Military demands for repressive action--put forth at a 9 October cabinet meeting by the powerful, rabidly anti-Peronista group nicknamed "the gorillas"--include extension of the state of siege to the entire country, a new crackdown on labor agitators, and certain cabinet changes.

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